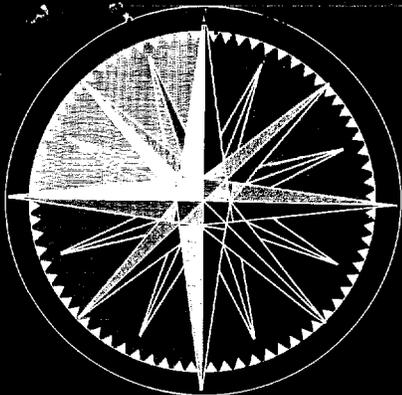


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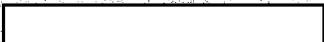
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SPECIAL REPORT

PEKING'S SETBACKS IN INDONESIA

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE



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PEKING'S SETBACKS IN INDONESIA

Of all China's recent reverses abroad, probably the most serious has been the elimination of pro-Communist elements from positions of power in Djakarta. The struggle between Sukarno and the army appears all but resolved, and it is clear that events of the past six months have drastically reduced Indonesia's usefulness to Peking in both the government and party spheres. The anti-Communist generals appear to be consolidating their position, and the course of events cannot now easily be reversed. Three Chinese consulates and the New China News Agency offices have been closed, and an exodus of Chinese Communist diplomats and technicians is under way.

The pro-Chinese policies of Sukarno are being discontinued, and Peking's staunch supporter, Foreign Minister Subandrio, is under arrest. Indonesia can no longer front for the Chinese in the international arena or run interference at international gatherings. The pro-Chinese Indonesian Communist Party has been weakened and driven underground, and its fate may be giving Communists elsewhere second thoughts about too close identification with Peking.

China's Losses

Chinese losses in Indonesia assume the proportions of a major diplomatic debacle when viewed in light of the close ties that existed between Peking and Djakarta prior to last October's abortive coup. Sino-Indonesian relations had never been better than they were in mid-1965. The growing mutuality of interests led Sukarno to talk of Indonesia as part of a new Asian "axis." Sukarno was giving the pro-Peking Indonesian Communist Party (PKI) an ever more influential voice in government affairs, and Djakarta's foreign policy had increasingly come to coincide with that of

Communist China, especially in applying pressure to the US and British positions in Southeast Asia.

Peking played assiduously upon Sukarno's anti-Western bias, his international ambitions, and his assessment that the West's strength in Southeast Asia was declining while China's increased. The Chinese exploited Indonesian pretensions with an adroit combination of flattery and top-level personal diplomacy. Chou En-lai and Foreign Minister Chen Yi repeatedly visited Indonesia, and Chief of State Liu Shao-chi made his first foray outside the bloc when he visited Djakarta in April 1963. Liu's

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trip served to dramatize Peking's support for Indonesia's confrontation with Malaysia and may well have accelerated the PKI shift to consistent and explicit support for Peking in the Sino-Soviet dispute.

Sino-Indonesian relations in both government and party spheres became progressively warmer during 1964, culminating with Chen Yi's November visit and a new \$50-million credit, \$10 million of which was in much-needed unrestricted hard currency. The following spring Chou shared center stage with Sukarno at the festivities marking the 10th anniversary of the Bandung Conference, and politburo member Peng Chen headed the Chinese delegation to the PKI anniversary celebrations. By last summer there were almost constant visits to China by lower level Indonesian officials, and it was not uncommon for several different ministerial-level groups to be touring mainland China at the same time.

Even when relations were at their best, however, Peking probably did not fully trust Sukarno or regard Sino-Indonesian relations in other than a context of short-term expediency. Sukarno remained strongly nationalistic, and his consuming egotism appears to have kept him confident that he could charm and manipulate the Chinese Communists, rather than the reverse.

Indonesia's withdrawal from the United Nations in January 1965 was an initiative that ap-

pears to have been taken independently of Peking, but it was a move promptly and resoundingly applauded by the Chinese. Sukarno had long been talking of a Conference on Newly Emerging Forces (CONEFO), and coincident with Indonesia's withdrawal from the UN, Peking gave the CONEFO project a shot in the arm.

Last spring China was assisting in the construction of a complex of office buildings in Djakarta, and both Chinese and Indonesian officials implied that they hoped to create in CONEFO a rival to the UN organization. The Chinese technicians have now been withdrawn, and Sukarno's pet project remains a jumble of partially completed cinder-block buildings.

Front Groups

CONEFO never got off the ground, and the close working relationship in other front groups and international forums where the Chinese and Indonesians were associated has come to an end. This has been a serious loss to China.

Peking could usually count on the Indonesians to second Chinese motions or front for Peking's representatives in the devious maneuverings that often mark the proceedings of front gatherings. As the Sino-Soviet dispute deepened in the early 1960s, Peking's representatives at such meetings became increasingly strident in their attacks on Moscow, and the Indonesians, along with the Japanese, provided a reliable pro-Chinese clique.

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When the Afro-Asian Solidarity Organization (AAPSO) met at Moshi, Tanzania, in February 1963, it became clear that Peking hoped to promote rival "international democratic organizations" under its own control, and Djakarta came to play a key role in this effort. With a strong assist from the Indonesians the pro-Peking Afro-Asian Journalists Association (AAJA) was set up in 1963.

The same year the preparatory committee for the Soviet-dominated World Federation of Democratic Youth was to meet in Djakarta, but Sukarno, with obvious encouragement from Peking, quietly canceled the gathering and substituted a Youth Solidarity Conference tailored to trumpet his own anti-Malaysian propaganda--neatly upstaging the Soviets.

The Chinese also sought to bypass the USSR by establishing a rival to the Moscow-dominated World Federation of Trade Unions, and the initiative purported to come from Indonesia. This effort, however, ran into serious difficulties. The Japanese backed off, and the Afro-Asian Trade organization was stillborn in Djakarta in late 1963.

Although Sino-Indonesian efforts to create independent fronts continued, there were no conspicuous successes last year. The latest developments in Indonesia, moreover, have dealt a serious blow to those front groups which maintained offices

in Djakarta. At least three have pulled out and set up shop in Peking. Shortly after the October coup, several employees of the Afro-Asian Journalist Association's secretariat in Djakarta were arrested, and a campaign of petty harassment made day-to-day operations nearly impossible. In December, right-wing journalists physically took over the secretariat's offices, and the AAJA announced that its secretariat was withdrawing "temporarily" to Peking. The Indonesian Committee for Afro-Asian Solidarity (IAASC) has also pulled out.

The authorities in Djakarta recently revoked the passports of the pro-Chinese IAASC representatives, and it appears an IAASC-in-exile will be set up in Peking.

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The Malayan National Liberation League (MNLL), an offshoot of the outlawed Malayan Communist Party, set up a mission in Djakarta more than a year ago. This, too, has recently been shut down, and a new MNLL office has just opened in Peking.

The Indonesian Communist Party

The PKI has been badly mauled and is now outlawed. Some of its leaders may also have attempted to seek asylum in China. Party chairman Aidit was killed after the coup attempt last fall, as were his deputy Njote and many

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lesser party leaders. Victims of the massacres that followed the coup are reported to number in the hundreds of thousands. While many reports are undoubtedly exaggerated, a quarter of a million leftists may well have been killed, and the Communist party apparatus has been dealt a blow from which it is not likely to recover very soon. Moreover, General Suharto gives every indication that repression of the PKI will continue and that Chinese Communist diplomats' contacts with party members will be restricted.

Last summer the PKI was the largest Communist party supporting Peking in the Sino-Soviet dispute. With a claimed membership of 3 million and with an additional 12 million in closely aligned front groups, the PKI was larger and more influential in its own country than any pro-Moscow nonbloc party. Echoing Chinese Communist party pronouncements, PKI leaders' speeches provided ready-made copy which was regularly reprinted and rebroadcast by Peking propagandists. PKI leaders were outspoken in their criticism of Khrushchev's moves toward an anti-China conference, and they steadfastly refused to attend the so-called "consultative" meeting convened in Moscow in March 1965 by Khrushchev's successors.

The PKI, now in complete disarray, is not worth exploiting, and the party's dramatic eclipse may also in a different and broader sense prove a setback for Peking in the international Communist movement. Communists abroad sympathetic to Peking may

begin to have second thoughts about too close identification with the Chinese.

It is still impossible to determine the extent of Chinese involvement in the coup attempt with any degree of confidence.

Peking's reaction after 1 October suggests that the timing took the Chinese by surprise.

There is little question that Peking was anxious to have the PKI gain a predominant position in the Indonesian Government. It seems likely that around the beginning of last year the Chinese began to be concerned about the "succession" problem in Djakarta--specifically how to ensure that the Indonesian Communists would come out on top in the struggle for power after Sukarno left the scene.

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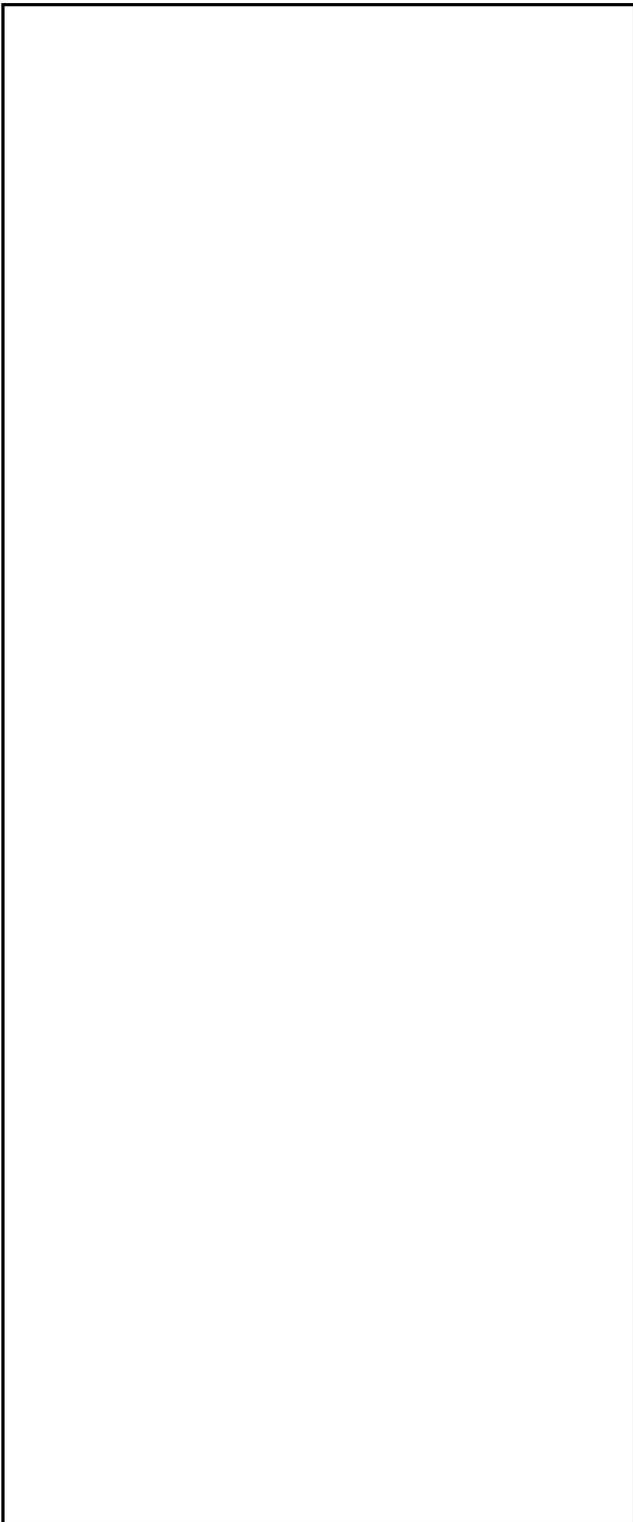
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After the coup the Indonesian military claimed to have discovered large caches of Chinese arms, but there was little mention of this during the trials held early in 1966. Moreover, many of the Communists who did attempt to resist during the post-coup skirmishing were poorly armed. The Indonesian Army probably greatly exaggerated the reported caches as part of their campaign to implicate Peking directly in the coup preparations. The armed forces are known to have deliberately circulated reports of Chinese involvement and appear to have been very successful in mobilizing the strong anti-Chinese popular sentiment in Indonesia. The desire to avoid any move which might fan such feelings may have been one of the principal reasons why Peking moved cautiously in the weeks immediately following the coup.

Peking's Reaction to the Coup

Public Chinese reaction to the 1 October coup was slow in coming and was such as to suggest that Peking was determined to wait cautiously until the direction of events in Indonesia became clear. The first public notice taken by the Chinese was a message from Liu Shao-chi and Chou En-lai to Sukarno on 3 October. It stated that they had learned from Djakarta broadcasts that Sukarno was in good health and expressed the hope that under Sukarno's leadership Indonesia would continue opposing "imperialism" and "colonialism."

The Chinese omitted any reference to the coup attempt

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or its aftermath, and everyone reading the message in isolation would have been left ignorant that anything unusual had occurred in Djakarta. The message was probably intended as a token of support for Sukarno, and Peking at this time clearly hoped to strengthen his determination to oppose military moves against the PKI. The wording, however, appeared designed to avoid antagonizing the army, since the Chinese at this time apparently still felt they might be able to work with the military if the latter succeeded in consolidating power.

The first significant Chinese response was a Peking note on 18 October which protested the entry and search of the Chinese counselor's office in Djakarta by Indonesian troops. The protest note--obviously prompted by the event itself--accused the Indonesian Government of "condoning the increasingly unruly anti-Chinese activities." Nonetheless, Peking still maintained its cautious wait-and-see position, and the note contained no specific criticism of the military leadership.

By 19 October, however, the Chinese had apparently concluded that the Indonesian Army was determined to continue its anti-PKI, anti-Chinese campaign and that nothing would be lost by openly attacking the army.

On that day the New China News Agency (NCNA) released a long roundup summarizing developments since the coup in terms hostile to the military leadership. On 20 October NCNA flatly asserted that "Indonesia's army authorities" and Indonesian "rightists" were attempting to "sabotage" relations between Peking and Djakarta and that they were "catering to the needs of the US imperialist and its lackeys."

From this point there were increasingly violent student demonstrations against Chinese consular facilities, and Peking responded with additional harsh notes of protest. With their strongest asset, the PKI, shattered and Sukarno absorbed in fighting for his political life, the Chinese Communists really had little means of influencing the situation. Throughout the past winter they saw no alternative but to continue their vehement propaganda criticism of the Indonesian military and to maintain a steady drumbeat of diplomatic protest.

Prospects

The Chinese probably take a very dim view of the immediate future in Indonesia and it seems unlikely that Peking is counting on any significant improvement in the situation for some time. General Suharto's assumption of

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power in March appears to have been accepted by the Chinese as one of the "twists and turns" in the path toward eventual revolutionary victory.

China's three consulates and the NCNA office in Indonesia have been forced to close and an orderly exodus of Chinese technicians has started. The activities of Chinese diplomats and consular officials have been severely restricted and

they now must get police permission even for visits to Indonesian government offices. There are no indications, however, that Peking intends to be provoked into a formal break with Indonesia, and the Chinese are probably settling down for a period of "correct" though far from cordial relations with the military government while waiting for what Peking regards as an "inevitable" change for the better.

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